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TOWN OF BASILE, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/30/05

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VIGE TUJAGUE

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.

DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

Independent Auditor's Report

The Honorable Berline Sonnier, Mayor,
and Members of the Board of Alderman
Town of Basile, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Basile, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Basile, Louisiana's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

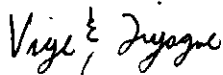
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Basile, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2005, on our consideration of the Town of Basile, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Town of Basile, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Basile, Louisiana's basic financial statements. The other supplementary information on pages 31 through 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked (unaudited) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The prior year comparative information has been derived from the Town of Basile 2005 financial statements and, in our report dated August 26, 2004, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.



Vige & Tujague
August 23, 2005

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF BASILE, LOUISIANA

Statement of Net Assets
June 30, 2005
With Comparative Totals for June 30, 2004

	2005			2004
	Governmental Activities	Business-Type Activities	Total	Totals
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 135,817	\$ 44,829	\$ 180,646	\$ 177,665
Receivables, net	64,699	75,505	140,204	104,270
Other assets	-	15,689	15,689	18,023
Total current assets	<u>200,516</u>	<u>136,023</u>	<u>336,539</u>	<u>299,958</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	704	140,645	141,349	109,352
Capital assets, net	<u>1,058,710</u>	<u>3,069,507</u>	<u>4,128,217</u>	<u>4,280,615</u>
Total noncurrent assets	<u>1,059,414</u>	<u>3,210,152</u>	<u>4,269,566</u>	<u>4,389,967</u>
Total assets	<u>1,259,930</u>	<u>3,346,175</u>	<u>4,606,105</u>	<u>4,689,925</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	61,875	26,275	88,150	61,965
Compensated absences	9,052	-	9,052	8,033
Current portion of bonds payable	-	13,886	13,886	13,276
Current portion of lease payable	<u>247</u>	<u>2,871</u>	<u>3,118</u>	<u>3,615</u>
Total current liabilities	<u>71,174</u>	<u>43,032</u>	<u>114,206</u>	<u>86,889</u>
Noncurrent liabilities:				
Compensated absences payable	-	-	-	11,770
Customers deposits payable	-	71,875	71,875	69,707
Bonds payable	-	830,347	830,347	844,231
Lease payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,959</u>
Total noncurrent liabilities	<u>-</u>	<u>902,222</u>	<u>902,222</u>	<u>931,667</u>
Total liabilities	<u>71,174</u>	<u>945,254</u>	<u>1,016,428</u>	<u>1,018,556</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,058,006	2,141,392	3,199,398	3,422,205
Restricted for debt service	-	140,645	140,645	88,518
Unrestricted	<u>130,750</u>	<u>118,884</u>	<u>249,634</u>	<u>160,646</u>
Total net assets	<u>\$ 1,188,756</u>	<u>\$ 2,400,921</u>	<u>\$ 3,589,677</u>	<u>\$3,671,369</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2005

Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 415,873	\$ 77,568	\$ -	\$ 157,229	\$ (181,076)	-
Public safety:						
Police	365,911	12,775	9,525	-	(343,611)	-
Fire	6,180	-	-	-	(6,180)	-
Streets	139,682	5,601	-	-	(134,081)	-
Parks and recreation	10,427	950	3,639	-	(5,838)	-
Interest on long-term debt	140	-	-	-	(140)	-
Total governmental activities	938,213	96,894	13,164	157,229	(670,926)	-
Business-type activities:						
Gas	276,524	440,319	-	-	-	150,237
Water	243,978	334,585	-	-	-	117,723
Sewer	188,276	181,635	20,019	-	-	(180)
Total business-type activities	708,778	956,539	20,019	-	-	267,780
Total	\$1,646,991	\$ 1,053,433	\$ 33,183	\$ 157,229	(670,926)	(403,146)
General revenues:						
Taxes -						
Property taxes, levied for general purposes					69,886	-
Sales and use taxes, levied for general purposes					172,985	-
Franchise and chain store taxes					50,453	-
Sale of capital asset					(148)	4,946
Interest and investment earnings					-	568
Miscellaneous					21,617	1,147
Transfers					356,191	(356,191)
Total general revenues and transfers					670,984	(349,530)
Changes in net assets					58	(81,750)
Net assets - July 1, 2004					1,188,698	2,482,671
Net assets - June 30, 2005					\$ 1,188,756	\$ 2,400,921
						\$ 3,589,677

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF BASILE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2005
With Comparative Totals for June 30, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals</u>	
				<u>2005</u>	<u>2004</u>
ASSETS					
Cash	\$43,471	\$ 92,346	\$ -	\$ 135,817	\$104,170
Receivables:					
Taxes	4	-	-	4	172
Allowance for uncollectible taxes	-	-	-	-	(67)
Grants	40,706	-	-	40,706	-
Other	12,380	-	-	12,380	10,541
Restricted assets					
Cash -- demand accounts	704	-	-	704	834
Total assets	<u>\$97,265</u>	<u>\$ 92,346</u>	<u>\$ -</u>	<u>\$189,611</u>	<u>\$115,650</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 43,608	\$ -	\$ -	\$ 43,608	\$ 11,637
Accrued liabilities	8,247	-	-	8,247	7,993
Deferred revenue	-	-	-	-	3,500
Notes payable	10,020	-	-	10,020	-
Total liabilities	<u>61,875</u>	<u>-</u>	<u>-</u>	<u>61,875</u>	<u>23,130</u>
Fund balances:					
Unreserved, undesignated	35,390	92,346	-	127,736	92,520
Total fund balance	<u>35,390</u>	<u>92,346</u>	<u>-</u>	<u>127,736</u>	<u>92,520</u>
Total liabilities and fund balance	<u>\$ 97,265</u>	<u>\$ 92,346</u>	<u>\$ -</u>	<u>\$189,611</u>	<u>\$115,650</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the Year Ended June 30, 2005

Total fund balances for governmental funds at June 30, 2005		\$ 127,736
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 32,700	
Buildings, net of \$331,543 accumulated depreciation	926,293	
Equipment & other, net of \$175,351 accumulated depreciation	<u>99,717</u>	1,058,710
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		11,609
Long-term liabilities at June 30, 2005:		
Compensated absences (including amounts due within one year)	(9,052)	
Leases payable (including amounts due within one year)	<u>(247)</u>	<u>(9,299)</u>
Total net assets of governmental activities at June 30, 2005		<u>\$ 1,188,756</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2005
With Comparative Totals for June 30, 2004

	General Fund	Special Revenue	Debt Service	Totals	
				2005	2004
Revenues:					
Taxes	\$120,339	\$172,985	\$ -	\$ 293,324	\$ 282,673
Licenses and permits	65,258	-	-	65,258	36,355
Intergovernmental	12,310	-	-	12,310	13,711
Fines and forfeits	12,775	-	-	12,775	18,559
Miscellaneous	188,101	-	-	188,101	9,986
Total revenues	<u>398,783</u>	<u>172,985</u>	<u>-</u>	<u>571,768</u>	<u>361,284</u>
Expenditures:					
Current –					
General government	384,364	1,200	-	385,564	215,203
Public safety:					
Police	348,610	-	-	348,610	340,399
Fire	3,707	-	-	3,707	3,939
Streets and drainage	129,606	-	-	129,606	114,122
Parks	8,369	-	-	8,369	8,763
Capital outlay	21,740	-	-	21,740	19,530
Debt service					
Principal retirement	-	-	-	-	32,026
Interest charges	-	-	140	140	2,548
Total expenditures	<u>896,396</u>	<u>1,200</u>	<u>140</u>	<u>897,736</u>	<u>736,530</u>
Excess (deficiency) of revenues over expenditures	<u>(497,613)</u>	<u>171,785</u>	<u>(140)</u>	<u>(325,968)</u>	<u>(375,246)</u>
Other financing sources (uses)					
Sale of capital assets	6,150	-	-	6,150	-
Payments on capital lease	(1,157)	-	-	(1,157)	1,737
Operating transfers in	521,191	-	140	521,331	573,868
Operating transfers out	(140)	(165,000)	-	(165,140)	(151,046)
Total other financing sources (uses)	<u>526,044</u>	<u>(165,000)</u>	<u>140</u>	<u>361,184</u>	<u>424,559</u>
Net changes in fund balances	28,431	6,785	-	35,216	49,313
Fund balances, beginning	<u>6,959</u>	<u>85,561</u>	<u>-</u>	<u>92,520</u>	<u>43,207</u>
Fund balances, ending	<u>\$ 35,390</u>	<u>\$ 92,346</u>	<u>\$ -</u>	<u>\$ 127,736</u>	<u>\$ 92,520</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2005

Total net changes in fund balances at June 30, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 35,216
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	21,740	
Depreciation expense for the year ended June 30, 2005	<u>(62,215)</u>	(40,475)
Add: Payments on capital lease		1,157
Add: Excess of compensated absences earned over compensated absences used		10,458
Less: Sale of capital assets	(6,150)	
Less: Loss on disposition of capital assets	<u>(148)</u>	<u>(6,298)</u>
Total changes in net assets at June 30, 2005 per Statement of Activities		<u>\$ 58</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Proprietary Funds
Comparative Statement of Net Assets
June 30, 2005 and 2004

ASSETS	<u>2005</u>	<u>2004</u>
Cash	\$ 44,829	\$ 73,495
Receivables:		
Accounts receivable	75,505	65,586
<i>Other</i>	-	15,803
Restricted assets		
Cash – demand accounts	120,645	88,518
Interest-bearing deposits, at cost	20,000	20,000
Land	12,008	12,008
Utility property plant and equipment	4,944,913	4,957,012
Accumulated depreciation	(1,887,414)	(1,793,888)
Other assets	<u>15,689</u>	<u>18,023</u>
Total assets	<u>3,346,175</u>	<u>3,456,557</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	23,081	35,407
Current portion of leases payable	2,871	3,036
Accrued liabilities	3,194	3,428
Payable from restricted assets -		
Current portion of revenue bonds	<u>13,886</u>	<u>13,276</u>
Total current liabilities	<u>43,032</u>	<u>55,147</u>
Noncurrent liabilities:		
Long-term debt –		
Leases payable	-	4,801
Payable from restricted assets-		
Customers' deposits	71,875	69,707
Revenue bonds payable	<u>830,347</u>	<u>844,231</u>
Total noncurrent liabilities	<u>902,222</u>	<u>918,739</u>
Total liabilities	<u>945,254</u>	<u>973,886</u>
 NET ASSETS		
Investment in general fixed assets,		
net of related debt	2,141,392	2,235,910
Restricted for debt service	140,645	108,518
Unrestricted	<u>118,884</u>	<u>138,243</u>
Total net assets	<u>\$2,400,921</u>	<u>\$2,482,671</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Proprietary Fund
Comparative Statement of Revenues, Expenses, and Changes
in Fund Net Assets
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating revenues:		
Charges for services –		
Gas sales	\$ 431,794	\$ 431,181
Water sales	328,959	320,802
Sewer service charges	178,738	173,574
Connection charges	5,473	5,381
Delinquent charges	11,575	11,350
Miscellaneous revenues	<u>1,147</u>	<u>13,268</u>
Total operating revenues	<u>957,686</u>	<u>955,556</u>
Operating expenses:		
Gas department	245,886	255,733
Water department	144,535	136,411
Sewer department	122,955	84,990
General and administrative	49,103	56,028
Depreciation	<u>105,625</u>	<u>107,471</u>
Total operating expenses	<u>668,104</u>	<u>640,633</u>
Operating income	<u>289,582</u>	<u>314,923</u>
Nonoperating revenues (expenses):		
Interest income	568	356
Interest expense	(38,319)	(38,900)
Miscellaneous	(2,355)	(1,094)
Grant revenue	20,019	15,803
Sale of fixed assets	<u>4,946</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(15,141)</u>	<u>(23,835)</u>
Income before operating transfers	<u>274,441</u>	<u>291,088</u>
Operating transfers in (out):		
Operating transfers in	58,000	10,558
Operating transfers out	<u>(414,191)</u>	<u>(433,380)</u>
Total operating transfers	<u>(356,191)</u>	<u>(422,822)</u>
Change in net assets	(81,750)	(131,734)
Net assets, beginning	<u>2,482,671</u>	<u>2,614,405</u>
Net assets, ending	<u>\$ 2,400,921</u>	<u>\$ 2,482,671</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Receipts from customers	\$ 948,955	\$ 940,711
Payments to suppliers	(486,409)	(442,057)
Payments to employees	(88,630)	(97,030)
Other receipts	<u>1,147</u>	<u>13,268</u>
Net cash provided (used) by operating activities	<u>375,063</u>	<u>414,892</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	58,000	10,558
Cash paid to other funds	(414,191)	(433,380)
Grant funds not received	<u>15,803</u>	<u>(15,803)</u>
Net cash provided (used) by noncapital financing activities	<u>(340,388)</u>	<u>(438,625)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(13,274)	(12,693)
Principal paid on capital lease	(4,966)	(1,272)
Interest and fiscal charges paid on revenue bonds and notes payable	(38,319)	(38,900)
Other non operating (costs)	(2,355)	(1,094)
Proceeds from meter deposits (net)	2,167	1,972
Proceeds from lease	-	7,062
Proceeds from grant	20,019	15,803
Acquisition of property, plant and equipment	-	(7,061)
Gain on sale of property, plant and equipment	<u>4,946</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(31,782)</u>	<u>(36,183)</u>
Cash flows from investing activities:		
Interest on investments	<u>568</u>	<u>356</u>
Net cash provided by investing activities	<u>568</u>	<u>356</u>
Net increase (decrease) in cash and cash equivalents	3,461	(59,560)
Cash and cash equivalents, beginning of period	<u>162,013</u>	<u>221,573</u>
Cash and cash equivalents, end of period	<u>\$ 165,474</u>	<u>\$ 162,013</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Funds (continued)
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 289,582	\$ 314,923
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	105,625	107,471
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(9,919)	(1,577)
(Increase) decrease in inventory	1,899	(4,611)
(Increase) decrease in bond issuance costs	436	436
Increase (decrease) in accounts payable	(12,326)	6113
Increase (decrease) in accrued liabilities	<u>(234)</u>	<u>(7,863)</u>
Net cash provided (used) by operating activities	<u>\$ 375,063</u>	<u>\$ 414,892</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period –		
Cash – unrestricted	\$ 73,495	\$152,838
Cash – restricted	<u>88,518</u>	<u>68,735</u>
Total cash and cash equivalents	<u>162,013</u>	<u>221,573</u>
Cash and cash equivalents, end of period –		
Cash – unrestricted	44,829	73,495
Cash – restricted	<u>120,645</u>	<u>88,518</u>
Total cash and cash equivalents	<u>165,474</u>	<u>162,013</u>
Net increase (decrease)	<u>\$ 3,461</u>	<u>\$ (59,560)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Basile, located in southwest Louisiana, was incorporated on March 10, 1991, under the provisions of the Lawrason Act. The town operates under a Mayor-Board of Aldermen form of government which are five Alderman and one Mayor elected by the citizens and are compensated for their services. The town has a population of approximately 2000 and has 48 employees. Basile is located in southwest Louisiana.

The accounting and reporting practices of the Town of Basile conform to generally accepted accounting principles of the United States of America as applicable to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

This report includes all funds which are controlled by or dependent on the town executive and legislative branches (the Mayor and Board of Alderman). Control by or dependence on the Town was determined on the basis of financial accountability, budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The town has no component units or fiduciary funds.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the Town of Basile, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town of Basile are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and two broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Additionally, the Town reports the following fund types:

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Fund

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town of Basile's enterprise fund is the utility fund. It accounts for the provision of water, gas, and sewer services to residents of the Town.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

C. Measurement Focus/Basis of Accounting

Measurement focus is term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days.

Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, retroactively. All capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets. The town maintains a threshold level of \$5,000 or more for capitalizing capital assets.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Vehicles	7 years
Utility system and improvements	25-50 years

E. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2005.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

G. Cash and Cash Equivalents

Cash includes amounts in demand deposit, interest – bearing demand, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the municipality may deposit funds in demand deposits, interest – bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Interest-bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

J. Short Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items.

L. Vacation and Sick Leave

The costs of leave privileges, computed in accordance with GASB Codification, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the government-wide financial statements.

Vacation must be taken in the year accrued and cannot be carried over. A maximum of three weeks of sick leave may be carried over for one year and is payable at retirement of employee only. The liability the Town might have in this regard at June 30, 2005, totals \$9,052.

M. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

N. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

O. Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The towns policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:
Proprietary Fund – By Operating and Nonoperating

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Q. Capitalization of Interest Expense

It is the policy of the Town of Basile to capitalize material amounts of interest resulting from borrowing in the course of the construction of fixed assets. At June 30, 2005 the amount of interest capitalized for construction of assets in the Utility Fund totaled zero.

R. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts in the utility fund is estimated at \$ 0 since each account has a security deposit.

(2) Deposits with Financial Institutions

Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under the Louisiana law and national banks having principal offices in Louisiana. At June 30, 2005, the Town has cash and interest bearing deposits totaling, \$ 321,995 as follows:

Demand deposits	\$ 301,995
Certificate of deposit	<u>20,000</u>
Total	\$ <u>321,995</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balance) at June 30, 2005, are secured as follows.

Bank balances	\$ <u>325,438</u>
Federal deposit insurance	\$ 100,000
Pledged securities (Category 3)	<u>320,342</u>
Total	<u>420,342</u>
Excess	\$ <u>94,904</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statue 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Evangeline Parish. Most taxes are collected by February of the ensuing year.

For the year ended June 30, 2005, taxes of 14.49 mills were levied on property with assessed valuations totaling \$4,716,990 and were dedicated to general corporate purposes.

Total taxes levied were \$69,886. Taxes receivable at June 30, 2005, were \$4 and allowances for uncollectibles were \$0.

(4) Restricted Assets General And Proprietary Fund Type

Restricted Assets were applicable to the following at June 30, 2005.

	<u>2005</u>
Proprietary Fund:	
Utility Deposits – Time Certificate of Deposit	\$ 20,000
Revenue Bond Contingency Account – cash	41,450
Water Reserve Fund	28,582
Water Depreciation & Contingency	23,024
Gas Contingency Fund	<u>27,589</u>
Total restricted assets	<u>\$140,645</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance</u> <u>7/01/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/05</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,700	\$ 15,000	\$ -	\$ 32,700
Other capital assets:				
Buildings	1,257,836	-	-	1,257,836
Equipment/Other	<u>297,276</u>	<u>6,740</u>	<u>28,948</u>	<u>275,068</u>
Totals	<u>1,572,812</u>	<u>21,740</u>	<u>28,948</u>	<u>1,565,604</u>
Less accumulated depreciation				
Buildings	300,097	31,446	-	331,543
Equipment/Other	<u>167,232</u>	<u>30,769</u>	<u>22,650</u>	<u>175,351</u>
Total accumulated depreciation	<u>467,329</u>	<u>62,215</u>	<u>22,650</u>	<u>506,894</u>
Governmental activities, capital assets, net	<u>\$ 1,105,483</u>	<u>\$ (40,475)</u>	<u>\$ 6,298</u>	<u>\$1,058,710</u>

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Business-type activities:

Capital assets not being depreciated:				
Land	\$ 12,008	\$ -	\$ -	\$ 12,008
Other capital assets:				
Water system	2,012,057	-	-	2,012,057
Gas system	835,373	-	-	835,373
Furniture and equipment	70,556		12,099	58,457
Sewer system	<u>2,039,026</u>		<u>-</u>	<u>2,039,026</u>
Totals	<u>4,969,020</u>		<u>12,099</u>	<u>4,956,921</u>
Less accumulated depreciation				
Water system	466,732	41,540	-	508,272
Gas system	347,247	13,408	-	360,655
Furniture and equipment	62,065	2,585	-	52,551
Sewer system	<u>917,844</u>	<u>48,092</u>	<u>-</u>	<u>965,936</u>
Total accumulated depreciation	<u>1,793,888</u>	<u>105,625</u>	<u>12,099</u>	<u>1,887,414</u>
Business type activities, capital assets, net	<u>\$3,175,132</u>	<u>\$(105,625)</u>	<u>\$ -</u>	<u>\$3,069,507</u>

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 30,307
Police	17,301
Fire	2,473
Streets	10,076
Recreation	<u>2,058</u>
Total depreciation expense	<u>\$ 62,215</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 14,700
Water	42,393
Sewer	<u>48,532</u>
Total depreciation expense	<u>\$ 105,625</u>

(6) Changes in Long-Term Debt

The following is a summary of debt transactions in the proprietary fund of the Town of Basile, Louisiana for the year ended June 30, 2005:

	Payable at July 1, 2004	Additions	Retirements	Payable at June 30, 2005
Revenue bonds	<u>\$ 857,507</u>	<u>\$ -0-</u>	<u>\$ 13,274</u>	<u>\$ 844,233</u>

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Bonds payable at June 30, 2005, is comprised of the following individual issues:

Revenue bonds:

\$670,000 Water Revenue Bonds dated 3/27/95; due in monthly installments of \$3,044.52, which includes interest through March 27, 2035; interest at 4 1/2% per annum	\$ 597,824
\$276,400 Water Revenue Bonds dated 3/27/95; due in monthly installments of \$1,254.86, which include interest through March 27, 2035; interest at 4 1/2% per annum	<u>246,409</u>
Total Bonds Payable	<u>\$ 844,233</u>
Less Current Portion	<u>(13,886)</u>
Net Bonds Payable	<u>\$ 830,347</u>

Interest expense totaled \$38,319 and is included in business type activities as a water department expense.

The annual requirements to amortize all debt outstanding as of June 30, 2005, including interest payments of \$687,099, are as follows:

Year Ending June 30	Total	Principal Payments	Interest Payments
2006	\$ 51,593	\$ 13,886	\$ 37,707
2007	51,593	14,524	37,069
2008	51,593	15,191	36,402
2009	51,593	15,889	35,704
2010	51,593	16,619	34,974
2011 – 2015	257,965	95,275	162,690
2016 – 2020	257,965	119,265	138,700
2021 – 2025	257,965	149,295	108,670
2026 – 2030	257,965	186,887	71,078
2031 – 2035	<u>241,507</u>	<u>217,402</u>	<u>24,105</u>
	<u>\$1,531,332</u>	<u>\$844,233</u>	<u>\$687,099</u>

(7) Dedication of Proceeds and Flow of Funds

A. Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax Dated 7/21/80

Proceeds of this 1% sales and use tax levied by the Town of Basile (2004 – 2005 collections - \$86,492) are dedicated for any lawful corporate expenditures, including the funding into bonds.

B. Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax Dated 4/12/75

Proceeds of this 1% sales and use tax levied by the Town of Basile (2004 – 2005 collections \$86,493;) are dedicated to the following purposes:

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Constructing, acquiring, extending, improving, and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewerage disposal works, recreational facilities, public parks, public buildings and fire department stations and equipment, including fire engines and payment of salaries for fire department personnel; and maintaining and operating the municipal police department and garbage collection and disposal facilities, including the purchase of equipment therefore; acquiring industrial plant sites and purchasing or constructing within the municipality or adjoining areas or areas outside of the corporate limits of the municipality, but within the Parish of Evangeline, industrial plant buildings and other necessary property, appurtenances or equipment, therefore, or for any one or more of said purposes; and such tax to be subject to funding into bonds.

(8) Flow of Funds; Restrictions on Use – Utilities Revenues

Water Utility Bonds:

Under the terms of the bond indenture on outstanding Water Utility Bonds, dated March 27, 1995, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Out of the revenue there shall be set aside from time to time into an Operation and Maintenance Fund, amounts sufficient to provide for the payment of the reasonable and necessary expense of operating and maintaining the system.

Each month, there will be set aside into a fund called the Water Revenue Bond and Interest (Sinking) Fund, an amount constituting 1/12 of the next maturing installment of principal and Interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. The Town pays this directly to RECD monthly.

There shall be also set aside into a Bond Reserve Fund, an amount of \$215 per month until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payments of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a Depreciation and Contingency Fund at the rate of \$458 per month. Money in this fund may be used for the making of extensions, additions, improvements, renewals, and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operating expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town of Basile was in compliance with all significant limitations and restrictions for this bond indenture at June 30, 2005.

(9) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$71,875. As of June 30, 2005, the Town has a certificate of deposit with a balance of \$20,000 specifically set aside for customer meter deposits.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(10) Employee Retirement

All employees of the Town of Basile belong to the Social Security Retirement System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended June 30, 2005, amounted to \$37,751.

Municipal Employee's Retirement System

Substantially all full-time employees except police of the Town of Basile are eligible to be covered under the Municipal Employee's Retirement System of Louisiana (Plan B), a multiple-employer, Public Employee Retirement System (PERS), controlled and administered by a separate board of trustees. The payroll for employees of the Town of Basile, Louisiana by the System for the year ended June 30, 2005, was \$155,750. The town's total payroll was \$473,375.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B., employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Basile is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Basile are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Basile's contributions to the System under Plan B for the year ended June 30, 2005 was \$14,819 equal to the required contributions for each year.

(11) Natural Gas Contract

The Town of Basile, under contract is required to purchase its natural gas from Louisiana Mutual Gas Corporation unless or until terminated either by seller or buyer upon twelve months prior written notice. The Town purchased natural gas for the year ended June 30, 2005 in the amount of \$194,843 of which \$8,845 was owed for purchases for the month of June 30, 2005.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(12) Segment Information for the Enterprise Fund

The Town of Basile maintains one Enterprise fund with three departments which provide gas, water, and sewer services. Segment information for the year ended June 30, 2005, was as follows:

	<u>Gas</u> <u>Department</u>	<u>Water</u> <u>Department</u>	<u>Sewer</u> <u>Department</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
Operating revenues	\$440,893	\$334,963	\$ 181,830	\$ 957,686
Operating expenses	276,524	203,304	188,276	668,104
Operating income	<u>\$ 164,369</u>	<u>\$ 131,659</u>	<u>\$ (6,446)</u>	<u>\$ 289,582</u>

(13) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2005, follows:

Berline Boone Sonnier, Mayor	\$ 18,000
Aldermen:	
Frank Ceasar	3,100
Jessica G. Denette	3,100
Rodney Bellon	3,100
John Jenkins	3,050
Ronnie Denette	3,050
	<u>\$ 33,400</u>

(14) Federally Assisted Funds

The town participated in a number of federally assisted programs. These programs are audited in accordance with Government Auditing Standards.

(15) Operating Lease

The town has entered into an operating lease which contains cancellation provisions and are subject to annual appropriations. The operating lease entered into was for the use of a copy machine for the general operations of the town. The terms of the lease call for 60 monthly payments of \$231 beginning November 4, 1999. Lease expense totaled \$693 for the year ended June 30, 2005. The lease expired during this fiscal year.

(16) Concentration of Risks

Concentration of risks with respect the town is subject to the conditions of the limited geographical area of the town.

(17) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(18) Capital Lease

General Fund:

The town is currently obligated under capital lease agreements for computer equipment for the police department. The terms of the lease call for three annual payments of \$579 beginning May 20, 2005. Lease expense totaled \$1,157 for the year ended June 30, 2005. Future minimum lease payments are as follows:

<u>Year ended</u> <u>June 30,</u>	<u>Amount</u>
2006	\$ 579

Utility Fund:

The town is currently obligated under capital lease agreements for computer equipment. The terms of the lease call for 36 monthly payments of \$253 beginning November 19, 2003. Lease expense totaled \$2,919 for the year ended June 30, 2005. Future minimum lease payments are as follows:

<u>Year ended</u> <u>June 30,</u>	<u>Amount</u>
2006	\$ 2,871

(19) Interfund Activities

Transfers to/from other funds at June 30, 2005, consist of the following:

From the General Fund to the Debt Service Fund for operations	\$ 140
From the Utility Fund to the General Fund for operations	414, 191
From the Sales Tax Fund to the General Fund	107, 000
From the Sales Tax Fund to the Utility Fund for operations	<u>58,000</u>
Total	<u>\$ 579,331</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005				
	Budget			Variance --	2004
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Revenues:					
Taxes	\$121,000	\$121,000	\$120,339	\$ (661)	\$ 109,660
Licenses and permits	43,000	43,000	65,258	22,258	36,355
Intergovernmental	15,000	15,000	12,310	(2,690)	13,711
Fines and forfeits	20,000	20,000	12,775	(7,225)	18,559
Miscellaneous	<u>8,800</u>	<u>8,800</u>	<u>188,101</u>	<u>179,301</u>	<u>9,986</u>
Total revenues	<u>207,800</u>	<u>207,800</u>	<u>398,783</u>	<u>190,983</u>	<u>188,271</u>
Expenditures:					
Current --					
General government	227,900	227,900	384,364	(156,464)	215,203
Public safety:					
Police	356,000	356,000	348,610	7,390	340,399
Fire	4,500	4,500	3,707	793	3,939
Streets and drainage	81,252	81,252	129,606	(48,354)	114,122
Parks	8,300	8,300	8,369	(69)	8,763
Capital outlay	<u>29,000</u>	<u>29,000</u>	<u>21,740</u>	<u>7,260</u>	<u>19,530</u>
Total expenditures	<u>706,952</u>	<u>706,952</u>	<u>896,396</u>	<u>(189,444)</u>	<u>701,956</u>
Excess (deficiency) of Revenues over Expenditures	<u>(499,152)</u>	<u>(499,152)</u>	<u>(497,613)</u>	<u>1,539</u>	<u>(513,685)</u>
Other financing sources (uses):					
Gain on sale of fixed asset	2,500	2,500	6,150	3,650	-
Proceeds from capital lease	-	-	(1,157)	(1,157)	1,737
Operating transfers in	500,000	500,000	521,191	21,191	539,294
Operating transfers out	<u>-</u>	<u>-</u>	<u>(140)</u>	<u>(140)</u>	<u>(34,574)</u>
Total other financing Sources (uses)	<u>502,500</u>	<u>502,500</u>	<u>526,044</u>	<u>23,544</u>	<u>506,457</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,348	3,348	28,431	25,083	(7,228)
Fund balances, beginning	<u>28,948</u>	<u>28,948</u>	<u>6,959</u>	<u>(21,989)</u>	<u>14,187</u>
Fund balances, ending	<u>\$ 32,296</u>	<u>\$ 32,296</u>	<u>\$ 35,390</u>	<u>\$ 3,094</u>	<u>\$ 6,959</u>

TOWN OF BASILE, LOUISIANA
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2005
With Comparative Amounts for the Year Ended June 30, 2004

	2005			
	Budget		Variance –	2004
	Original	Final	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 190,000	\$ 180,000	\$ (7,015)	\$173,013
Total revenues	<u>190,000</u>	<u>180,000</u>	<u>(7,015)</u>	<u>173,013</u>
Expenditures:				
Legal and Professional	-	-	1,200	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(1,200)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>190,000</u>	<u>180,000</u>	<u>(8,215)</u>	<u>173,013</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(190,000)</u>	<u>(175,500)</u>	<u>10,500</u>	<u>(116,472)</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>(175,500)</u>	<u>10,500</u>	<u>(116,472)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	4,500	2,285	56,541
Fund balances, beginning	<u>24,500</u>	<u>29,000</u>	<u>56,561</u>	<u>29,020</u>
Fund balances, ending	<u>\$ 24,500</u>	<u>\$ 33,500</u>	<u>\$ 58,846</u>	<u>\$85,561</u>

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Revenues
Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005			
	Budget		Variance –	2004
	Original	Final	Favorable (Unfavorable)	Actual
Taxes:				
Ad valorem	\$ 70,000	\$ 70,000	\$ (114)	\$ 61,125
Franchise	<u>51,000</u>	<u>51,000</u>	<u>(547)</u>	<u>48,535</u>
Total taxes	<u>121,000</u>	<u>121,000</u>	<u>(661)</u>	<u>109,660</u>
Licenses and permits – occupational	<u>43,000</u>	<u>43,000</u>	<u>22,258</u>	<u>36,355</u>
Intergovernmental:				
State of Louisiana –				
Beer tax	7,000	7,000	(3,447)	5,593
Video poker	<u>8,000</u>	<u>8,000</u>	<u>757</u>	<u>8,118</u>
Total intergovernmental	<u>15,000</u>	<u>15,000</u>	<u>(2,690)</u>	<u>13,711</u>
Fines and forfeits	<u>20,000</u>	<u>20,000</u>	<u>(7,225)</u>	<u>18,559</u>
Miscellaneous:				
Grant	-	-	170,393	-
Other	<u>8,800</u>	<u>8,800</u>	<u>8,908</u>	<u>9,986</u>
Total miscellaneous	<u>8,800</u>	<u>8,800</u>	<u>179,301</u>	<u>9,986</u>
Total revenues	<u>\$207,800</u>	<u>\$207,800</u>	<u>\$190,983</u>	<u>\$188,271</u>

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2005
With Comparative Actual Amounts for Year Ended June 30, 2004

	2005			Variance –	2004
	Budget		Actual	Favorable (Unfavorable)	Actual
	Original	Final			
General government:					
Advertising and legal notices	\$ 3,500	\$ 3,500	\$ 6,855	\$ (3,355)	\$ 5,351
Dues and subscriptions	2,000	2,000	1,329	671	1,233
Education and travel	9,400	9,400	5,586	3,814	9,722
Group insurance	2,500	2,500	1,409	1,091	1,100
Insurance	70,000	70,000	56,038	13,962	49,426
Miscellaneous	7,600	7,600	27,161	(19,561)	8,276
Office expenses	6,000	6,000	8,592	(2,592)	8,851
Payroll taxes and retirement	8,900	8,900	13,230	(4,330)	13,250
Professional fees	10,000	10,000	11,021	(1,021)	9,083
Repairs and maintenance	-	-	157,229	(157,229)	-
Salaries	100,000	100,000	85,572	14,428	100,696
Utilities and telephone	8,000	8,000	10,342	(2,342)	8,215
Total general government	<u>227,900</u>	<u>227,900</u>	<u>384,364</u>	<u>(156,464)</u>	<u>215,203</u>
Public safety:					
Police department -					
Education and travel	4,000	4,000	1,609	2,391	4,249
Gas, oil and maintenance	15,000	15,000	15,497	(497)	14,875
Group insurance	-	-	1,850	(1,850)	1,059
Miscellaneous	-	-	3,032	(3,032)	4,371
Payroll taxes	35,000	35,000	22,245	12,755	22,140
Repairs and maintenance					
supplies	10,500	10,500	21,981	(11,481)	9,713
Salaries	275,000	275,000	263,772	11,228	267,936
Uniforms	1,000	1,000	1,983	(983)	808
Utilities and telephone	15,500	15,500	16,641	(1,141)	15,248
Total police department	<u>356,000</u>	<u>356,000</u>	<u>348,610</u>	<u>7,390</u>	<u>340,399</u>
Fire department –					
General operations	3,500	3,500	3,072	428	3,075
Gas, oil and maintenance	1,000	1,000	635	365	864
Total fire department	<u>4,500</u>	<u>4,500</u>	<u>3,707</u>	<u>793</u>	<u>3,939</u>
Total public safety	<u>360,500</u>	<u>360,500</u>	<u>352,317</u>	<u>8,183</u>	<u>344,338</u>
Streets and drainage:					
Miscellaneous	52	52	-	52	3,599
Gas, oil and maintenance	1,700	1,700	21,438	(19,738)	16,223
Salaries	26,500	26,500	47,235	(20,735)	27,228
Supplies	3,000	3,000	378	2,622	2,121
Repairs and maintenance	30,000	30,000	32,954	(2,954)	43,901
Payroll taxes and retirement	2,000	2,000	6,363	(4,363)	3,044
Street lighting	18,000	18,000	21,238	(3,238)	18,006
Total streets and drainage	<u>81,252</u>	<u>81,252</u>	<u>129,606</u>	<u>(48,354)</u>	<u>114,122</u>
Park Expense	<u>8,300</u>	<u>8,300</u>	<u>8,369</u>	<u>(69)</u>	<u>8,763</u>
Capital outlay:					
Equipment & buildings	29,000	29,000	21,740	7,260	19,530
Total expenditures	<u>\$706,952</u>	<u>\$706,952</u>	<u>\$ 896,396</u>	<u>\$ (189,444)</u>	<u>\$701,956</u>

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF BASILE, LOUISIANA
Nonmajor Governmental Fund - Debt Service
Balance Sheet
June 30, 2005
With Comparative Amounts for June 30, 2004

ASSETS	<u>2005</u>	<u>2004</u>
Cash	\$ -	\$ -
Investments	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accrued liabilities	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Reserved for debt service	-	-
Unreserved, undesignated	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BASILE, LOUISIANA
Nonmajor Governmental Fund – Debt Service
Statement of Revenues, Expenditures, and Changes in Fund Balance
For The Year Ended June 30, 2005
With Comparative Amounts for the Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Miscellaneous interest	\$ _____	\$ _____
Expenditures:		
Debt service –		
Principle retirement	-	32,026
Interest charges	<u>140</u>	<u>2,548</u>
Total expenditures	<u>140</u>	<u>34,574</u>
Excess (deficiency) of revenues over expenditures	<u>(140)</u>	<u>(34,574)</u>
Other financing sources (uses):		
Transfers in	140	34,574
Transfers out	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>140</u>	<u>35,574</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-
Fund balance, beginning	_____	_____
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BASILE, LOUISIANA
Enterprise Fund
Utility Fund
Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended June 30, 2005

	Totals		Gas	
	2005	2004	2005	2004
Operating revenues:				
Customer service charges	\$ 939,491	\$ 925,557	\$ 431,794	\$ 431,181
Connection charges	5,473	5,381	2,737	2,637
Delinquent charges	11,575	11,350	5,788	5,562
Miscellaneous	<u>1,147</u>	<u>13,268</u>	<u>574</u>	<u>12,423</u>
Total operating revenues	<u>957,686</u>	<u>955,556</u>	<u>440,893</u>	<u>451,803</u>
Operating expenses:				
Salaries	76,796	78,414	32,420	50,160
Payroll taxes and retirement	11,600	10,753	5,424	7,512
Insurance	25,998	22,414	-	-
Repairs, maintenance and supplies	84,284	80,332	7,455	9,989
Gas and water purchased	307,370	285,730	194,843	181,955
Depreciation	105,625	107,471	13,408	13,408
Office expense	1,957	2,258	-	-
Telephone and utilities	30,662	27,616	3,080	4,104
Auto expenses and travel	1,177	1,460	-	-
Dues	670	1,195	-	-
Professional fees	4,850	7,108	-	-
Bad debts	3,865	1,710	-	-
Miscellaneous	13,250	14,172	2,664	2,013
Allocation of general and administrative expenses	<u>-</u>	<u>-</u>	<u>17,230</u>	<u>19,897</u>
Total operating expenses	<u>668,104</u>	<u>640,633</u>	<u>276,524</u>	<u>289,038</u>
Net operating income	<u>289,582</u>	<u>314,923</u>	<u>\$ 164,369</u>	<u>\$ 162,765</u>
Nonoperating revenues (expenses):				
Interest income	568	356		
Interest expense	(38,319)	(38,900)		
Miscellaneous	(2,355)	(1,094)		
Grant revenue	20,019	15,803		
Sale of fixed asset	<u>4,946</u>	<u>-</u>		
Total nonoperating expenses	<u>(15,141)</u>	<u>(23,835)</u>		
Income (loss) before operating transfers	<u>274,441</u>	<u>291,088</u>		
Operating transfers in (out):				
Operating transfers in	58,000	10,558		
Operating transfers out	<u>(414,191)</u>	<u>(433,380)</u>		
Total operating transfers	<u>(356,191)</u>	<u>(422,822)</u>		
Net income (loss)	<u>(81,750)</u>	<u>(131,734)</u>		
Net assets, beginning	<u>2,482,671</u>	<u>2,614,405</u>		
Net assets, ending	<u>\$ 2,400,921</u>	<u>\$ 2,482,671</u>		

Water		Sewer		General and Administrative	
2005	2004	2005	2004	2005	2004
\$ 328,959	\$ 320,802	\$ 178,738	\$ 173,574	-	-
1,806	1,776	930	968	-	-
3,820	3,746	1,967	2,042	-	-
378	398	195	447	-	-
<u>334,963</u>	<u>326,722</u>	<u>181,830</u>	<u>177,031</u>	-	-
16,752	13,962	27,624	14,292	-	-
2,884	2,119	3,292	1,122	-	-
-	-	-	-	25,998	22,414
9,430	13,868	67,399	48,315	-	8,160
112,527	103,775	-	-	-	-
41,540	41,540	48,092	48,861	2,585	3,662
-	-	-	-	1,957	2,258
2,942	2,251	24,640	21,261	-	-
-	-	-	-	1,177	1,460
-	-	-	-	670	1,195
-	-	-	-	4,850	7,108
-	-	-	-	3,865	1,710
-	436	-	-	10,586	11,723
<u>17,229</u>	<u>19,897</u>	<u>17,229</u>	<u>19,896</u>	<u>(51,688)</u>	<u>(59,690)</u>
<u>203,304</u>	<u>197,848</u>	<u>188,276</u>	<u>153,747</u>	-	-
<u>\$ 131,659</u>	<u>\$ 128,874</u>	<u>\$ (6,446)</u>	<u>\$ 23,284</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION

VIGE TUJAGUE

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.

DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Berline Boone Sonnier
and Members of the Board of Alderman
Town of Basile, Louisiana

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate fund information of the Town of Basile as of and for the year ended June 30, 2005, which collectively comprise the Town of Basile's basic financial statements and have issued our report thereon dated August 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Basile's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item #2005-1, #2005-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Basile's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Basile's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items: #2005-1 and #2005-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Town Council, management and Legislative Auditor and is not intended to be and should not be used by anyone other than specified parties. Under Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Vige & Tujague

Vige & Tujague
August 23, 2005

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

We have audited the financial statements of Town of Basile as of and for the year ended June 30, 2005, and have issued our report thereon dated August 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2005, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes x No Reportable Conditions x Yes ___ No

Compliance

Compliance Material to Financial Statement ___ Yes x No

b. Federal Awards

Internal Control

Material Weaknesses ___ Yes x No Reportable Conditions ___ Yes x No

Section II. Financial Statement Findings

#2005-1 – Segregation of Duties

Findings: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the town is unable to implement a segregated system of internal control.

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the town that it would not be costs beneficial or possible with the limited resources available to create a segregated accounting environment.

#2005-2 Budgeting

Finding: The Town exceeded certain budget line items by greater than 5%.

Cause: The Towns accounting personnel did not have all year end adjustments in place when the budget was amended.

**Recommendation &
Response:**

We recommend, and the town will comply, that all year end adjustment be posted or estimated as correctly as possible to ensure that this is not a reoccurring problem.

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)

Section III. Summary of Other Audit Results

1. The auditor's report expresses an unqualified opinion of the financial statement of Town of Basile, Louisiana
2. There was no single audit required under OMB Circular A-133.
3. Town of Basile, Louisiana was considered a low risk auditee.

TOWN OF BASILE, LOUISIANA
Status of Prior Years
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

#2004-1 Segregation of Duties

Finding: Due to the small number of employees, the town did not have an adequate segregation of functions within the accounting system.

Recommendation: Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: No response is considered necessary.

Status: No response required.

#2004-2 Budgeting

Finding: The Town exceeded certain budget line items by greater than 5%.

Recommendation: We recommend that all year end adjustments be posted or estimated as correctly as possible to ensure that this is not a reoccurring problem.

Response: The Town will comply with this recommendation.

Status: This finding was repeated for June 30, 2005.

TOWN OF BASILE, LOUISIANA
Schedule of Mayor and Alderman Compensation
Year Ended June 30, 2005

<u>Name</u>	<u>Office</u>	<u>Compensation</u>
Berline Boone Sonnier	Mayor	\$ 18,000
Frank Ceasar	Alderman	3,100
Ronald Denette	Alderman	3,050
John Jenkins	Alderman	3,050
Jessica G. Denette	Alderman	3,100
Rodney Bellon	Alderman	3,100
		<u>\$ 33,400</u>

TOWN OF BASILE, LOUISIANA
Schedule of Meters and Rates and Accounts Receivable
Year Ended June 30, 2005

Total Water Meters

Meters ¾"	821
Meters 2"	9
Meters 8"	<u>1</u>
TOTAL	831

Water Rates

Effective 7/01/01 to 10/31/01

11.50 First 2000 Gallons
1.50 Per Thousand After

Effective 11/01/01 to 6/30/05

Residential rates 13.50 First 2000 Gallons 2.00 Per Thousand After
Commercial Rates 15.00 First 200 Gallons 3.00 Per Thousand After

Customer Deposits

Renters: 125 – Gas
80 – Water

Homeowners: 75 – Gas
80 – Water

Amounts Receivable (Water, Gas, Sewer)

<u>Days</u>	<u>Amounts</u>	<u>No. of Accounts</u>
0-30	\$75,005	869
31-60	242	9
61-90	220	2
Over -90	<u>38</u>	1
	<u>\$75,505</u>	

TOWN OF BASILE, LOUISIANA
Schedule of Insurance
Year Ended June 30, 2005

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
Western Surety Company	Employee Dishonesty Bond	\$ 45,000	1/03/05 – 1/03/06
LA Risk Management Agency	Auto	\$500,000	5/01/05 – 5/01/06
LA Risk Management Agency	Commercial Premises General Medical Liability Fire	\$500,000 \$ 10,000 \$ 50,000	5/01/05 – 5/01/06
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/01/05 – 5/01/06
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/01/05 – 5/01/06
LA Risk Management Agency	Workers Compensation	Statutory	1/01/05 – 1/01/06
American International South	Commercial – Building Property Contents 80% Coinsurance	\$444,000 \$ 45,000	2/25/05 – 2/25/06 2/25/05 – 2/25/06

VIGE AND TUJAGUE, CPA'S
P. O. BOX 1005
EUNICE, LA 70535

RE: Management Response

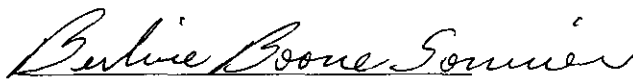
The following are our responses to your recommendations we received in the Town's Audited Financial Statement as of June 30, 2005.

2005-1 Segregation of Duties

We are aware of and have evaluated this inadequacy and concluded that the related costs vs benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing staff.

2005-2 Budgeting

In the future we will take greater care in adjusting our financial statements at year end in order to properly amend the budget to not vary from actual amounts by greater than 5%.


Berlin Boone Sonnier, Mayor